

Message Text

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15

ACTION ARA-17

INFO OCT-01 ADP-00 SEC-03 AID-20 CIAE-00 COME-00 EB-11

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 3552

C O N F I D E N T I A L SAN JOSE 0996

E. O. 11652: GDS

TAGS: PGOV EFIN CS

SUBJECT: VESCO'S INVESTMENTS IN COSTA RICA

REF: SAN JOSE 3313

1. EMBASSY POUCHING MARCH 22, SAN JOSE A-46, ENTITLED " VESCO GROUP INVESTMENTS IN COSTA RICA AS OF MARCH 1973." THIS AIRGRAM INCORPORATES AND UPDATES REFTEL. IT ATTEMPTS TO PROVIDE SOME INSIGHTS INTO VESCO' S METHOD OF OPERATION, OUTLINE HIS COSTA RICAN CORPORATE STRUCTURE, TRACE LOCAL INVESTMENTS, AND POSE SOME TENTATIVE NOTIONS ABOUT WHAT HE IS UP TO. XEROX COPIES OF PUBLIC REGISTER ENTRIES RE VESCO' S CORPORATIONS ARE ENCLOSED.

2. FOR PURPOSE OF ANALYSIS, WE DIVIDED VESCO' S OPERATIONS INTO TWO PHASES: THE FIRST, ENDING ABOUT DECEMBER WAS ORGANIZATIONAL -- ESTABLISHING SIX LOCAL CORPORATIONS, GETTING HIS LINES STRAIGHT WITH FIGUERES (BOND PURCHASES, SAN CRISTOBAL LOAN, AND HOUSEKEEPING). THE SECOND PHASE HAS INVOLVED MORE ACTIVE INVESTMENT, BUT MOSTLY THROUGH FINANCING OTHERS (ALL OF WHOM SEEM TO BE CLOSELY LINKED BY FAMILY OR FRIENDSHIP TO PRESIDENT FIGUERES) RATHER THAN DIRECTLY THROUGH HIS OWN SIX
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CORPORATIONS. THE LATTER-- WHICH POINT TO SUCH FIELDS AS " INDUSTRY, COMMERCE AND FINANCE" IN GENERAL AS WELL AS TO MORE SPECIFIC ENDS AS AVIATION, PETROLEUM AND THE NEWS MEDIA-- MAY BE MOSTLY SHELLS, PERHAPS DESIGNED TO CREATE AN ILLUSION OF EVEN GREATER INVESTMENT THAN LIKELY TO BE FORTHCOMING (AND POSSIBLY FOR MONEY WASHING).

3. IN HIS TV BROADCAST, VESCO CLAIMED HE HAD ALREADY INVESTED MORE THAN \$25 MILLION IN COSTA RICA. HOWEVER, WE ARE ABLE TO IDENTIFY A MAXIMUM OF 17.8 MILLION IN PRODUCTIVE INVESTMENT AND THIS FIGURE MAY WELL BE INFLATED. MOREOVER, IN A SEPARATE COMPILATION FROM BANK ACCOUNT AND OTHER INFORMATION WE HAVE FOUND REFERENCE TO AS MUCH AS \$17 MILLION (OR ELIMINATING ANY POSSIBILITY OF DOUBLE COUNTING, AS LITTLE AS \$12 MILLION) BROUGHT INTO THE COUNTRY (I. E., FOR EVENTUAL INVESTMENT OR WHATEVER PURPOSE).

4. DESPITE VESCO' S CLAIMS THAT \$50 TO \$60 MILLION WILL BE PRODUCTIVELY INVESTED HERE, WE ARE NOT YET PREPARED TO BELIEVE HE INTENDS TO PUT THAT MUCH TO WORK. STILL, HE ALREADY HAS ENOUGH HERE TO BE AN IMPORTANT FACTOR IN THE ECONOMY. PARTICULAR TROUBLE AREAS ARE HIS GOVERNMENT BOND HOLDINGS, THE LINKAGE BETWEEN HIS INVU BOND HOLDINGS AND HIS BACKING OF A PRIVATE HOUSING SCHEME, AND A PETROLEUM VENTURE.
VAKY

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